

Date: March 23, 2011
W.I.: 1611
Referred by: Admin. Committee

ABSTRACT

Resolution No. 3991

This resolution authorizes Executive Director or his designated representative to negotiate and enter into a funding agreement with the Low Income Investment Fund, the Fund manager for the Bay Area Transit Oriented Affordable Housing Fund, subject to certain specified conditions.

Further discussion of this action is contained in the Executive Director's Memorandum to the Committee, March 9, 2011.

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RE: Establishment of a Bay Area Transit Oriented Affordable Housing Fund

METROPOLITAN TRANSPORTATION COMMISSION

RESOLUTION NO. 3991

WHEREAS, the Metropolitan Transportation Commission (MTC) is the Regional Transportation Planning Authority for the San Francisco Bay Area pursuant to Government Code §§ 66500 *et seq.*; and

WHEREAS, MTC and the Association of Bay Area Governments (ABAG) support transit oriented development through the Transportation for Livable Communities (TLC) and Focusing Our Vision (FOCUS) programs; and

WHEREAS, MTC and ABAG studied the combined cost of housing and transportation and found low income households throughout the Bay Area are severely burdened financially by the high cost of housing and transportation; and

WHEREAS, the *Financing Transit Oriented Development (TOD) in the Bay Area* report in 2008 called for increased flexibility in the TLC program to directly fund landbanking and TOD; and

WHEREAS, MTC adopted new TLC guidelines in September 2009 to allow for funding of non-transportation infrastructure and direct TOD investment including landbanking; and

WHEREAS, the Great Communities Collaborative (GCC) developed a business plan to create a fund to support the development of affordable housing near existing and proposed transit stations; and

WHEREAS, MTC adopted Resolution 3940 outlining four conditions to be met prior to MTC's contribution of \$10 million from the regional Transportation for Livable Communities

program to establish the Bay Area's Transit Oriented Affordable Housing Fund (the Fund) which conditions have been met; and

WHEREAS, MTC participated on the Fund's working group along with other financing partners and members of the GCC; and

WHEREAS, the Fund working group has selected the Low Income Investment Fund (LIIF) to act as the manager of the Fund; now therefore be it

RESOLVED, that the Commission authorizes the Executive Director to enter into an agreement with LIIF to contribute \$10 million to the Fund, based on the Principles of Agreement outlined in Attachment A.

METROPOLITAN TRANSPORTATION COMMISSION

Adrienne Tissier, Chair

The above resolution was entered into by the Metropolitan Transportation Commission at a regular meeting of the Commission held in Oakland, California, on March 23, 2011.

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Principles of Agreement
Bay Area Transit Oriented Affordable Housing Fund

The Commission adopts the following Principles of Agreement to govern the funding agreement MTC will enter into to contribute \$10 million to the Bay Area Transit Oriented Affordable Housing Fund (the Fund). The Fund will begin in 2011 and will operate for at least ten years from the date of inception. MTC's contribution to the Fund is dependent upon the availability of anticipated funds that are eligible for use in the Fund.

1. MTC will enter into an agreement with the Low Income Investment Fund (LIIF) to contribute \$10 million to the Bay Area Transit Oriented Affordable Housing Fund (the Fund) via LIIF.
2. The Fund will begin in 2011 and will operate for at least ten years from the date of inception.
3. MTC will make its first contribution of \$5 million after the funding agreement is signed, subject to Commission approval of this item on March 23, 2011. MTC's second and final \$5 million contribution to the Fund is dependent upon the availability of anticipated exchange funds that are eligible for use in the Fund. This is anticipated to occur in July 2011.
4. The Fund will secure matching funds of at least \$30 million for the \$10 million MTC contribution, bringing the total loan fund to at least \$40 million once MTC's two payments are made to LIIF per principle 1 above.
5. The Fund will be managed by LIIF, a not-for profit entity, on behalf of all funding partners.
6. All loans from the Fund will be made to projects in Priority Development Areas.
7. Prior to closing, the Fund will adopt a business plan that establishes the Fund's priorities and serves as a guide for the Fund's operations, financial structure, underwriting criteria, and evaluation.
8. MTC will be represented on the Fund Advisory Committee to monitor the Fund's progress against the business plan. MTC will not participate in the selection of specific projects.
9. The Fund manager (LIIF) will use standard accounting controls and MTC will have the right to review all financial reports of the Fund.
10. No representative from MTC will participate in any paid capacity.

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- 11.** MTC is in the subordinate position for repayment during the life of the Fund and at the close of the Fund. As such, after all the Fund's senior lenders are repaid and all unpaid Fund expenses are paid at the close of the Fund, any balance remaining in the Fund will be returned to MTC unless the Fund is extended beyond the initial 10 year period , or MTC agrees to reinvest in a new fund, facility or program that promotes transit oriented development.